

Summary of Debt Policy Revisions

- Define “Net Direct Debt” to eliminate ambiguity and bring policy inline with peer and rating agency standards
- Remove obsolete Debt per Capita ratio, as is no longer used by rating agencies
- Consolidate “Debt Service to Total Governmental Funds” and “Debt Service to General Fund” debt measures into one
- Change 10-year payout ratio from Total Outstanding Debt to Net Direct Debt and update target range

Summary of Existing Financial Policies

	Debt per capita	Debt to Assessed Value	GF Debt Service to GF Expenditures	Govt. Debt Service to Govt. Expenditures	10-Year Payout Ratio
Buncombe FY15 Ratios	\$800	1.58%	6.90%	9.65%	60%
Buncombe Policy Limits	\$1,200	3.00%	8.00%	10.00%	65% (Minimum)
S&P Rating Threshold	N/A	3.00%	N/A	8.00% (AAA) 15.00% (AA) 25.00% (A)	65%
Moody's Rating Threshold	N/A	0.75%(Aaa) 1.75% (Aa) 4.00% (A)	N/A	N/A	N/A
Other North Carolina 'Aaa' Counties Policy Limits					
Durham	N/A	3.00%	N/A	15.00%	N/A
Forsyth	N/A	N/A	N/A	15.00%	N/A
Guilford	\$3,000	3.00%	N/A	15.00%	N/A
Mecklenburg	\$2,200	2.00%	N/A	18.00%	64%
New Hanover	\$2,200	1.60%	N/A	20.00%	N/A
Orange	N/A	3.00%	15.00%	N/A	N/A
Union	N/A	3.00%	15.00%	N/A	50%
Wake	N/A	1.75%	N/A	20.00%	70%

*Peer and Rating Agency Data Sourced from Davenport & Company

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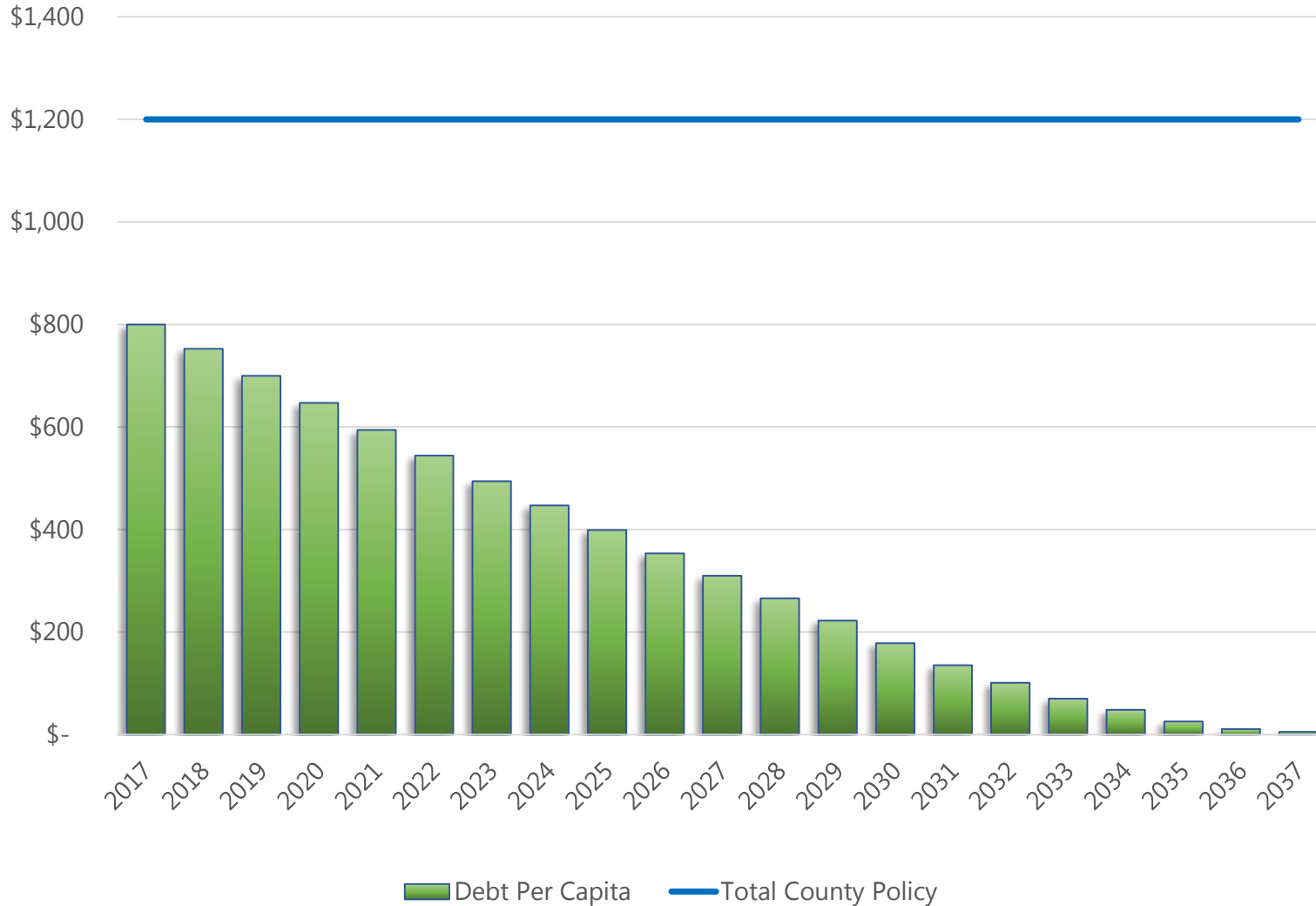
Defining our measures

Net Direct Debt: All tax-supported debt issued and serviced by government revenues.

- Brings terminology in-line with rating agencies and peers
- Defining policy with this term reflects the impact of debt on taxpayers

Debt Per Capita

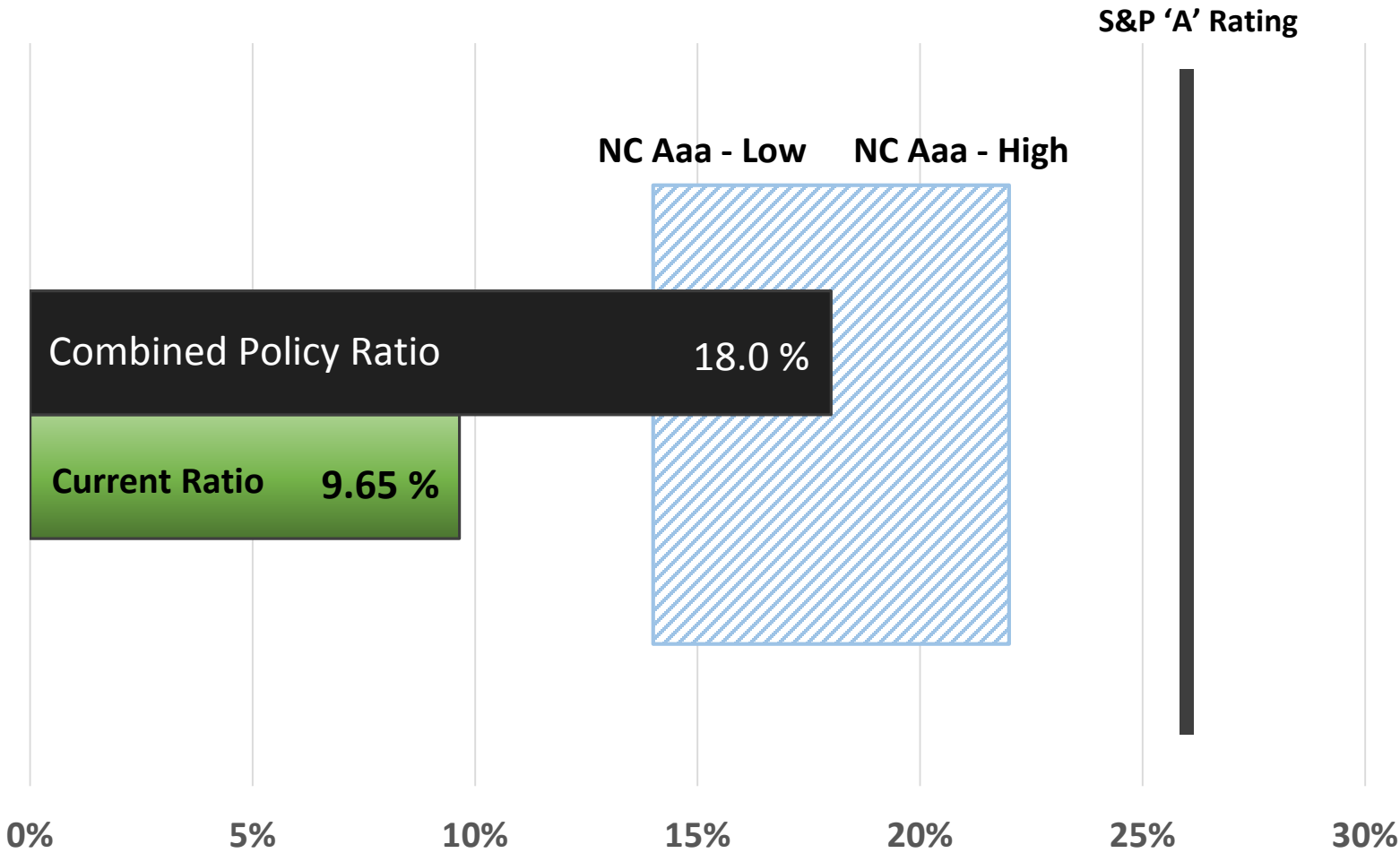
Obsolete as policy measure



- No longer used by rating agencies
- Not a useful benchmark
- Continue to measure and report

Debt Service to Expenditures:

Updated policy compared to peer counties

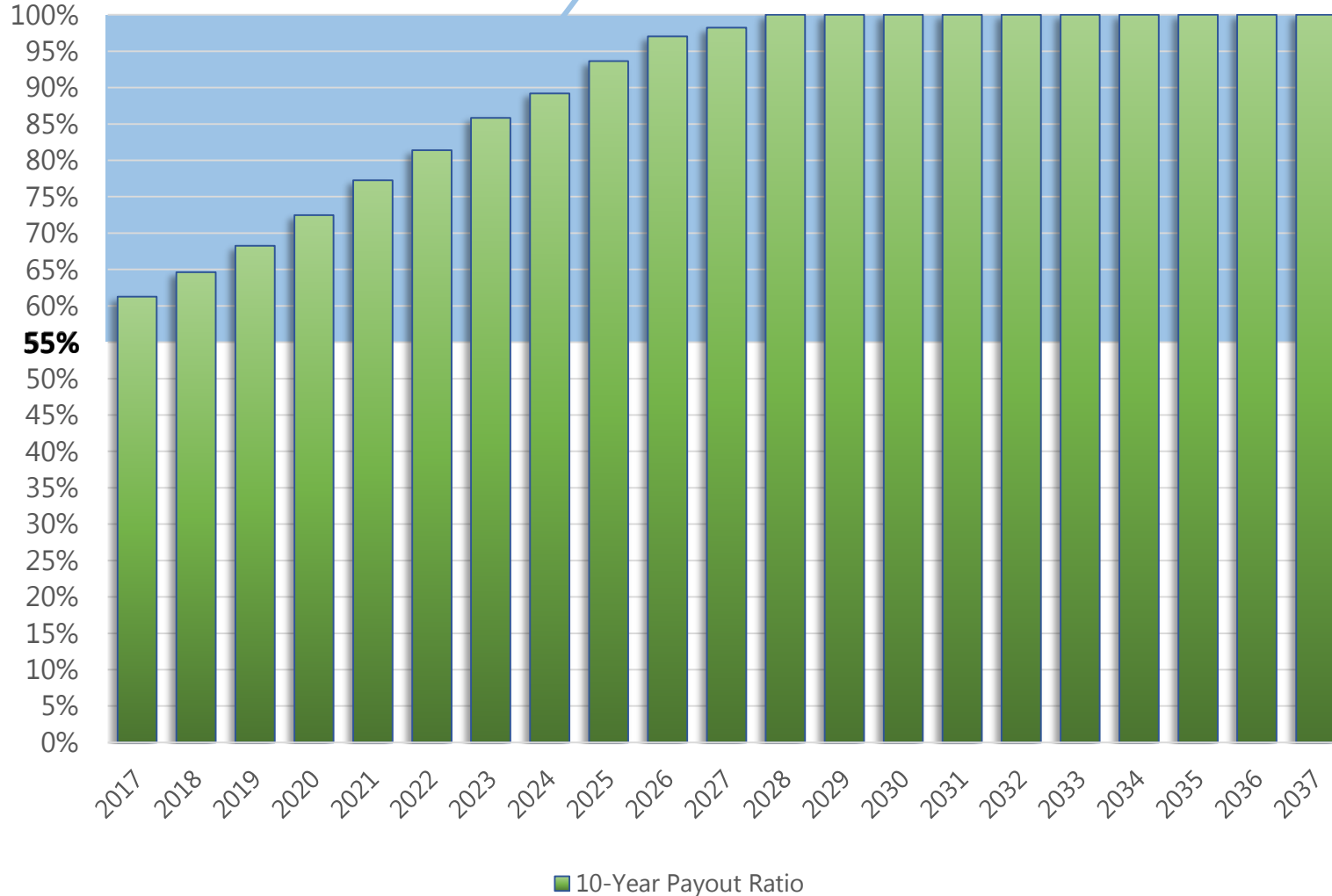


- Updated policy combines existing 8% and 10% ratios
- More accurate comparison against peer counties
- Resolves ambiguity caused by Buncombe's unique school debt legislation vs. other counties

10-year Payout Ratio:

Updated policy

Updated Target Zone of > 55%



- Change to Net Direct Debt from Total Outstanding Debt
- Move target range for more short-term flexibility
- No penalty from rating agencies associated with this measure

Questions?